

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

November 30, 2015

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". The signature is fluid and cursive, written over a white background.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW November 30, 2015

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$54.1 million. Its balance decreased \$6.5 million in the month primarily due to monthly realization of deferred revenue, purchase of internal use software and repayment of National Credit Union Share Insurance Fund long-term note payable. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts payable had a month-end balance of approximately \$3.7 million. Its balance decreased by approximately \$340 thousand in the month. This decrease was due to smaller estimate-to-actual difference of the Operating Fund overhead expenses transferred to the Share Insurance Fund.

Accrued wages and benefits had a month-end balance of approximately \$10.6 million. Its balance decreased by approximately \$239 thousand in the month. This decrease was primarily due to the monthly payroll accrual timing differences.

Deferred revenue had a month-end balance of approximately \$6.5 million. Its balance decreased by approximately \$6.6 million in the month due to the recognition of the monthly operating fee revenue.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$1.1 million and net income year-to-date was approximately \$6.0 million. Interest income on overnight investments has averaged 0.03% year-to-date, versus 0.04% during the same period last year.

Statements of Cash Flow

The cash position decreased approximately \$6.5 million since last month. In the current month approximately \$5.7 million was used by operating activities. Approximately \$738 thousand was invested in new capital assets. Approximately \$112 thousand in cash was used to reduce or repay the National Credit Union Share Insurance Fund note payable long-term liability, which has a balance of approximately \$10.5 million on the balance sheet.

Budget (Year-to-Date)

Agency expenses was under the year-to-date budget by \$14.5 million or 5.7%, compared to being under the year-to-date budget by approximately \$17.6 million or 7.2% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$2.7 million or 1.5%. Travel cost were under budget by \$1.8 million or 6.8%. Contract services cost was under budget by \$5.6 million or 23.1%. The remaining expense categories combined were under budget by \$4.4 million or 22.3%. The under budget amounts are due to the use of straight line budget estimates. Actual costs will more clearly align with budgeted costs as the year progresses.

The average annualized travel spend per Full-Time Equivalent (FTE) was \$21,829 this year, which is \$462 more than last year.

Vacancies

The Agency had 44 vacancies as of this month—no change from the prior month. Of the 44 vacancies, 9 were in the central office and 35 were in the regions and the Asset Management and Assistance Center (AMAC). The 44 vacancies represent 3.5% percent of total authorized staff of 1,268.70.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of November 30, 2015
(Dollars in thousands)

	<u>November 2015</u>	<u>November 2014</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 54,092	\$ 47,941
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	-	-
EMPLOYEE ADVANCES	40	67
OTHER ACCOUNTS RECEIVABLE , Net	263	261
PREPAID EXPENSES AND OTHER ASSETS	2,000	2,187
ASSETS HELD FOR SALE	171	644
FIXED ASSETS — Net of accumulated depreciation of \$30,752 as of November 30, 2015	31,249	29,398
INTANGIBLE ASSETS — Net of accumulated amortization of \$17,184 as of November 30, 2015	2,169	2,515
TOTAL ASSETS	<u>\$ 89,984</u>	<u>\$ 83,013</u>
LIABILITIES		
Accounts payable	\$ 3,662	\$ 3,651
Obligations under capital leases	1,697	103
Accrued wages and benefits	10,609	9,483
Deferred revenue (1)	6,454	6,490
Accrued annual leave	17,646	16,282
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	10,504	11,845
TOTAL LIABILITIES	<u>50,572</u>	<u>47,854</u>
FUND BALANCE	<u>39,412</u>	<u>35,159</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 89,984</u>	<u>\$ 83,013</u>

(1) The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Periods Ended November 30, 2015 and November 30, 2014
(Dollars in thousands)

	<u>November 2015</u>	<u>Year-to-Date November 2015</u>	<u>Year-to-Date November 2014</u>
REVENUES			
Operating fees	\$ 6,575	\$ 72,319	\$ 71,385
Interest	3	13	15
Other	<u>(3)</u>	<u>970</u>	<u>1,068</u>
Total Revenues	<u>6,575</u>	<u>73,302</u>	<u>72,468</u>
EXPENSES, NET (1)			
Employee wages and benefits, net	4,131	50,782	52,206
Travel	761	6,928	7,410
Rent, communications, and utilities	82	1,002	1,277
Contracted services	370	5,243	5,071
Depreciation and amortization	444	6,140	5,360
Administrative	<u>(264)</u>	<u>(2,777)</u>	<u>(1,538)</u>
Total Expenses	<u>5,524</u>	<u>67,318</u>	<u>69,786</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	<u>1,051</u>	<u>5,984</u>	<u>2,682</u>
FUND BALANCE—Beginning of period	<u>38,361</u>	<u>33,428</u>	<u>32,477</u>
FUND BALANCE—End of period	<u>\$ 39,412</u>	<u>\$ 39,412</u>	<u>\$ 35,159</u>

(1) Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate set by the board of 71.8% and 69.2% for 2015 and 2014, respectively.

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF CASH FLOWS
For the Periods Ended November 30, 2015 and November 30, 2014
(Dollars in thousands)

	<u>November 2015</u>	<u>Year-to-Date November 2015</u>	<u>Year-to-Date November 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 1,051	\$ 5,984	\$ 2,682
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	434	5,113	5,347
Provision for loss on disposal of employee residences held for sale	-	83	122
(Gain) loss on fixed asset retirements	10	1,028	13
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	52	3,509	3,313
Employee advances	-	22	(29)
Other accounts receivable	(52)	59	(58)
Prepaid expenses and other assets	(11)	145	(809)
(Decrease) increase in liabilities:			
Accounts payable	(340)	(2,936)	(1,067)
Accrued wages and benefits	(239)	(2,264)	(1,873)
Deferred revenue	(6,575)	6,454	6,490
Accrued annual leave	-	2,177	1,711
Accrued employee travel	-	(491)	(1,068)
Net cash (used) or provided by operating activities	<u>(5,670)</u>	<u>18,883</u>	<u>14,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(738)	(4,345)	(2,734)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	-	(207)	(1,125)
Proceeds from sale of employee residences held for sale	-	596	359
Net cash used by investing activities	<u>(738)</u>	<u>(3,956)</u>	<u>(3,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,229)	(1,229)
Principal payments under capital lease obligations	-	(546)	(17)
Net cash used by financing activities	<u>(112)</u>	<u>(1,775)</u>	<u>(1,246)</u>
NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS	<u>(6,520)</u>	<u>13,152</u>	<u>10,028</u>
CASH AND CASH EQUIVALENTS—Beginning of period	<u>60,612</u>	<u>40,940</u>	<u>37,913</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 54,092</u>	<u>\$ 54,092</u>	<u>\$ 47,941</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ 2,030</u>	<u>\$ 61</u>
Cash Payments for Interest	<u>\$ 16</u>	<u>\$ 189</u>	<u>\$ 210</u>

The balances in the statement above are preliminary and unaudited

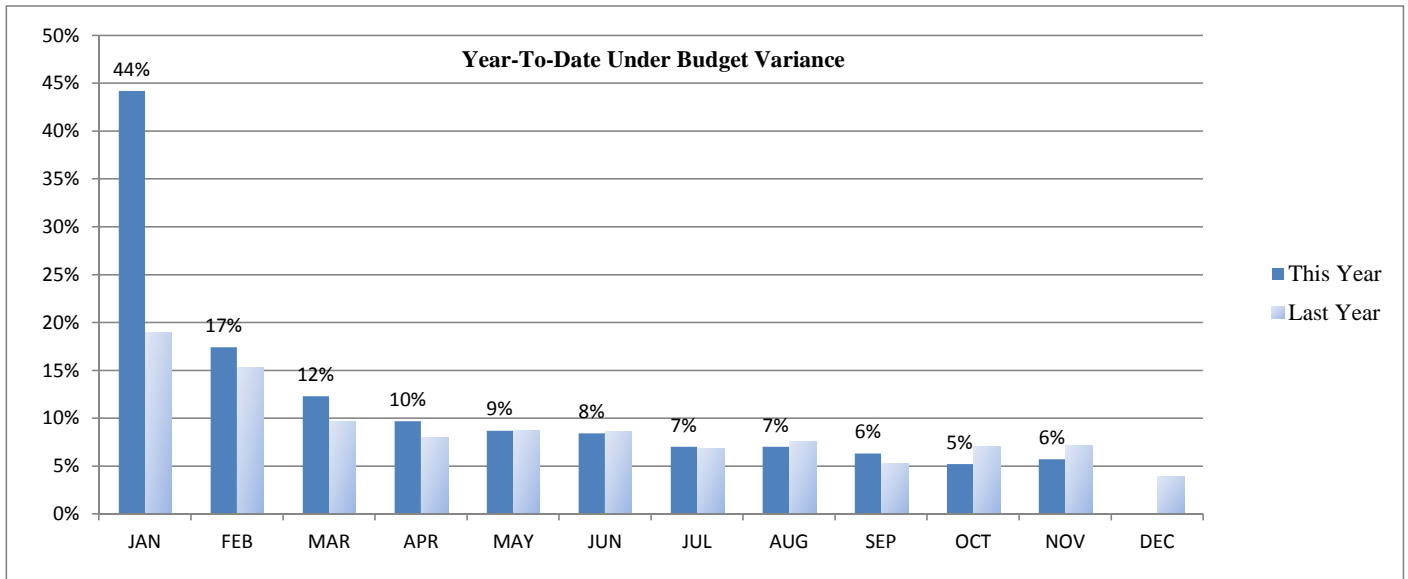
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)

As of November 30, 2015 and November 30, 2014

(Dollars in thousands)

	Year-To-Date 2015				Year-To-Date 2014			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	182,807	180,077	(2,729)	-1.5%	175,981	169,500	(6,481)	-3.7%
Travel	26,362	24,566	(1,796)	-6.8%	26,097	24,057	(2,040)	-7.8%
Rent, Comm., & Utilities	4,935	3,554	(1,382)	-28.0%	5,200	4,147	(1,053)	-20.3%
Administrative	14,983	11,925	(3,057)	-20.4%	14,448	11,981	(2,467)	-17.1%
Contracted Services	24,175	18,592	(5,583)	-23.1%	22,027	16,450	(5,576)	-25.3%
TOTAL	253,263	238,715	(14,547)	-5.7%	243,753	226,135	(17,618)	-7.2%



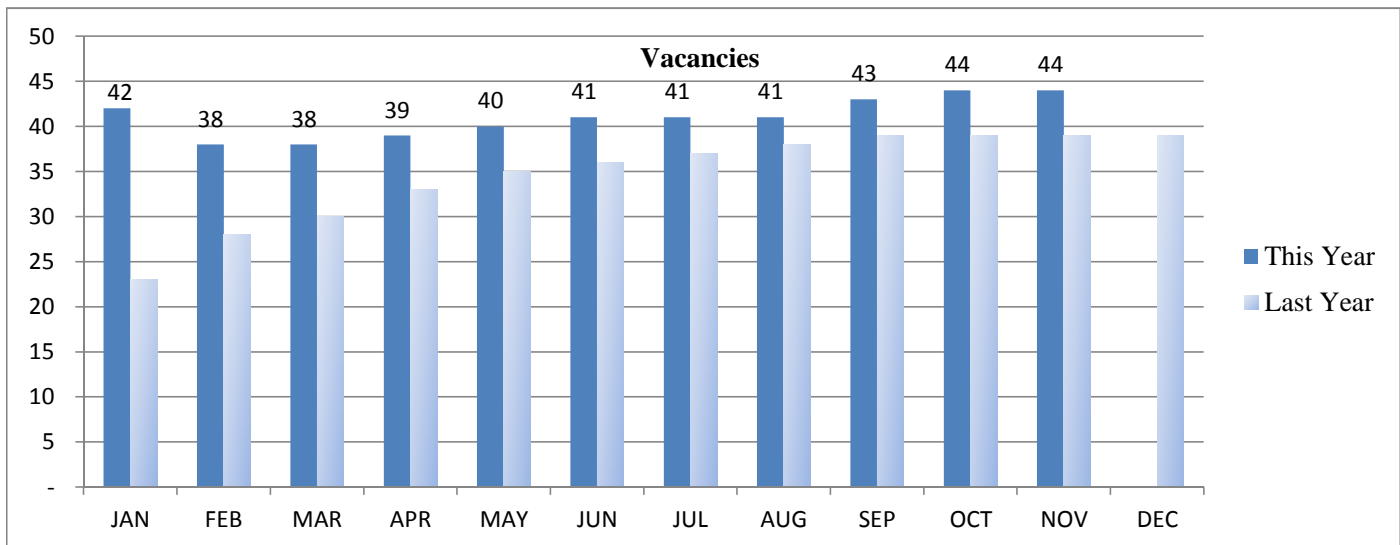
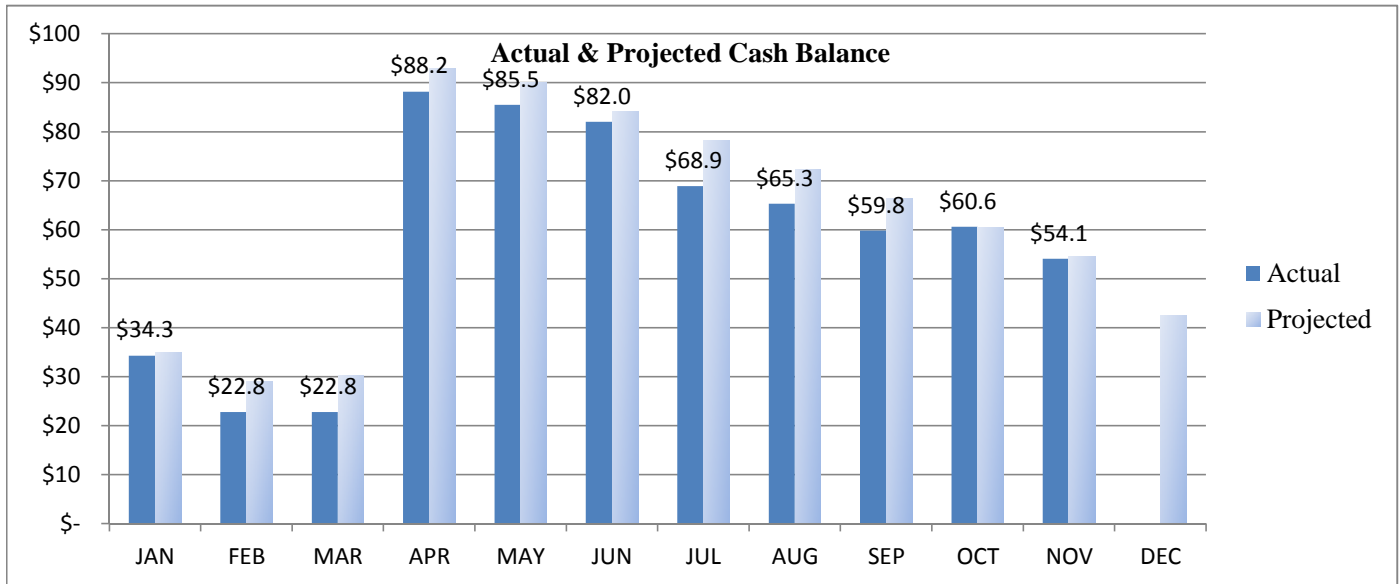
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of November 30, 2015 and November 30, 2014



	11/30/2015	11/30/2014
Fund Balance / Total assets	43.80%	42.35%
YTD interest income to average investments (annualized)	0.03%	0.04%
Annualized travel spend per employee	\$21,829	\$21,367
Net year to date cash inflow (outflow) in millions of dollars	\$13	\$10
Cash and overnight investments / Total assets	60.11%	57.75%
Overhead transfer rate	71.80%	69.20%

The balances in the supplement above are preliminary and unaudited